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*To ensure access to high-quality,
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and through collaboration with
community and university partners.*



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August 06, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENT FOR FINAL THIRD PARTY
SAFETY NET RECOVERY SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of an Amendment to extend the term of the Agreement with California Reimbursement Enterprises, Inc. for Final Third Party Safety Net Recovery Services for the Department of Health Services and Department of Public Health.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 2 to Agreement No. H-703452 with California Reimbursement Enterprises, Inc. (CRE) to provide the Final Third Party Safety Net and Recovery Services (FTPSNRS) to Department of Health Services (DHS) and Department of Public Health (DPH), effective upon Board approval, to extend the Agreement for one year, for the period September 1, 2013 through August 31, 2014, with an option to further extend the Agreement term for one additional year through August 31, 2015, with the exercise of this option subject to Board approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

After the County and its primary and secondary Contractors' efforts to identify financial resources or assist indigent patients in establishing third party coverage are exhausted, CRE functions as a final "safety net" recovery services contractor that reviews patients' accounts for potential revenue recovery by identifying third party coverage based on reconciliation of transposed and/or inconsistent demographic information.

Approval of the recommendation will allow the Director, or his designee, to execute an amendment substantially similar to Exhibit I to extend the term of the Agreement with CRE for the continued and uninterrupted provision of FTPSNRS, as the current Agreement expires on August 31, 2013. This will facilitate and ensure the County achieves the anticipated annual revenue of approximately \$17.87 million, which is comprised of \$17.77 million for DHS and \$0.10 million for DPH.

The Board recently approved a one-year extension to two similar Agreements for Financial Management Services and Safety Net Financial Management Services, with an option to further extend the term for an additional year, in order to undergird DHS' overall efforts to allow for a feasible timeframe to determine needs the County will experience with the onset of the Affordable Care Act (ACA) and implementation of the Online Real-Time Centralized Health Information Database (ORCHID) and other migratory efforts in order to establish the most effective approach to launch a solicitation to meet the Department's future FTPSNRS needs. The recommended Amendment follows in that same vein.

The recommended Amendment also includes the option to extend the term of the Agreement for up to one additional year, through August 31, 2015. DHS will return to the Board for approval to exercise the one-year extension option if the Department concludes that an extension of the Agreement is in the best interest of the County.

Implementation of Strategic Plan Goals

The recommendation supports Goal 1, Operational Effectiveness and Goal 2, Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

CRE receives a contingency fee based on actual collections received by the County resulting from their efforts in recovering revenue. The recommended action will allow DHS and DPH to achieve annual revenue collections of approximately \$17.77 million and \$0.10 million at an estimated annual fee of \$3.44 million and \$0.02 million, respectively.

Since CRE is paid on a contingency fee basis, there is no net cost to the County. Funding is included in the DHS Fiscal Year (FY) 2013-14 Adopted Budget and will be requested in the future FY, if necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CRE has worked with the County for several years and has the established system, experience, and

The Honorable Board of Supervisors

8/6/2013

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familiarity with the County's large and complex operations to effectively perform FTPSNRS. The current Agreement was approved by the Board on August 5, 2008 and made effective on September 1, 2008.

The Amendment also updates required provisions including Contractor Alert Reporting Database (CARD) language.

FTPSNRS is not a Proposition A agreement because the services provided are on an intermittent and as needed basis and, therefore, not subject to the Living Wage Program.

County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

CRE's current Agreement was awarded through a competitive solicitation process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended action will ensure the continued and effective provision of Final Third Party Safety Net Recovery Services to maximize DHS' revenue recovery.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is stylized with a large, sweeping 'M' and a cursive 'Katz'.

Mitchell H. Katz, M.D.

Director

MHK:adb

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

Agreement No.: H-703452

FINAL THIRD PARTY SAFETY NET AND RECOVERY SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this _____ day
of _____, 2013,

By and between

COUNTY OF LOS ANGELES
(hereinafter "County"),

And

CALIFORNIA REIMBURSEMENT
ENTERPRISES, INC.
(hereafter "Contractor")

Business Address:
1126 Fontana Drive
Alameda, CA 94502

WHEREAS, reference is made to that certain document entitled "FINAL
THIRD PARTY SAFETY NET AND RECOVERY SERVICES AGREEMENT",
dated September 1, 2008, and further identified as Agreement No. H-703452,
and any Amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend Agreement to
extend the term, update certain terms and conditions and provide for the
changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to
Paragraph 16, Alteration of Terms, may be made in the form of a written
Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall become effective on the date of its approval by
County's Board of Supervisors, with such date reflected on the top of page 1 of
this Amendment.

2. WHEREAS, Agreement was amended effective February 17, 2010
with an amendment entitled, "AMENDMENT TO HIPAA BUSINESS ASSOCIATE
AGREEMENT TO IMPLEMENT HEALTH INFORMATION TECHNOLOGY FOR

ECONOMIC AND CLINICAL HEALTH (HITECH) ACT OF 2009”, which shall hereinafter be considered Amendment No. 1 to said Agreement.

3. Paragraph 1, TERM, shall be revised to read as follows:

"1. TERM:

The term of this Agreement shall commence September 1, 2008, and shall continue, unless sooner terminated or canceled, in full force and effect to and including August 31, 2014.

The County shall have the sole option to extend this Agreement term for up to one additional year, beginning September 1, 2014 through August 31, 2015, with the exercise of such option subject to Board approval in accordance with Paragraph 16, Alteration of Terms.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) days' prior written notice to the other.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall

send written notification to the DHS at the address provided in Paragraph 18, NOTICES, of the Agreement."

4. Paragraph 9, GENERAL INSURANCE REQUIREMENTS, Subparagraph A. (3) shall be deleted in its entirety and replaced by the following:

"(3). Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in required insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Agreement, in the sole discretion of the County, upon which the County may suspend or terminate this Agreement."

5. Paragraph 9, GENERAL INSURANCE REQUIREMENTS, Subparagraph C, Failure to Maintain Coverage, is deleted in its entirety and replaced by the following:

"C. Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement."

6. Paragraph 48, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to the Agreement and incorporated thereto as follows:

"48. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

48.1 Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

48.2 Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206."

7. Paragraph 49, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to the Agreement and incorporated thereto as follows:

"49. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 19 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

CALIFORNIA REIMBURSEMENT
ENTERPRISES, INC.

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM
BY THE OFFICE OF THE
COUNTY COUNSEL